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**FAIRVIEW TREATMENT CENTER
ST. MARY PARISH
STATE OF LOUISIANA**

A Program of the St. Mary Parish Council
Annual Financial Statements
with Independent Auditors' Report

and

Independent Auditors' Report of Compliance and on
Internal Control over Financial Reporting Based on an
Audit of Financial Statements Performed in Accordance
with **Government Auditing Standards**

and

Independent Auditors' Report on Compliance with
Requirements Applicable to Each Major Program
and Internal Control Over Compliance in
Accordance with **OMB Circular A-133**

For the Year Ended June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-19-05

FAIRVIEW TREATMENT CENTER
ST. MARY PARISH
STATE OF LOUISIANA

FINANCIAL REPORT

For the Year Ended June 30, 2004

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ADAMS & JOHNSON

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Fairview Treatment Center
St. Mary Parish, Louisiana
1101 Southeast Blvd.
Morgan City, LA 70380

We have audited the accompanying financial statements of Fairview Treatment Center, a program of the St. Mary Parish Council, State of Louisiana, as of and for the year ended June 30, 2004. These financial statements are the responsibility of Fairview Treatment Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-133. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fairview Treatment Center as of June 30, 2004 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2004 on our consideration of Fairview Treatment Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The budgetary comparison information on page 20, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the accompanying financial statements of Fairview Treatment Center, taken as a whole. The accompanying schedule of expenditures of federal awards and insurance in force is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 , Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the accompanying financial statements. Such information, except for that portion marked "unaudited" has been subjected to the auditing procedures applied in the audit of the accompanying financial statements and in our opinion is fairly stated, in all material respects, in relation to the accompanying financial statements taken as a whole.

Adams & Johnson

ADAMS & JOHNSON
Certified Public Accountants

Patterson, LA
November 17, 2004

**FAIRVIEW TREATMENT CENTER
STATEMENT OF NET ASSETS
JUNE 30, 2004**

	<u>General Fund</u>
<u>ASSETS</u>	
Petty Cash	\$ 200
Accounts Receivable (net of allowance for uncollectible accounts of \$244,439)	188,004
Due from State of Louisiana	120,318
Due from St. Mary Parish Council	188,599
Capital assets, net of accumulated depreciation	<u>92,491</u>
 Total Assets	 <u><u>\$ 589,612</u></u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ 32,899
Compensated Absences	40,122
Total Liabilities	<u>\$ 73,021</u>
 <u>NET ASSETS</u>	
Investment in Capital Assets	\$ 92,491
Unrestricted	424,100
Total Net Assets	<u><u>\$ 516,591</u></u>

The accompanying notes are an integral part of these financial statements.

**FAIRVIEW TREATMENT CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>General Fund</u>
Expenditures/Expenses	
Health and Welfare	
Personal Services	\$ 1,091,665
Travel	4,759
Operating Services	282,005
Supplies	99,469
Professional Services	298,111
Lab Fees	9,941
Bad Debts	93,447
Depreciation	<u>18,223</u>
 Total Expenditures/Expenses	 <u>\$ 1,897,620</u>
 Program Revenues	
Federal & State Grants	\$ 1,608,795
Patient Fees	149,550
Other Revenue	<u>565</u>
 Total Program Revenues	 <u>1,758,910</u>
 Change in Net Assets	 \$ (138,710)
 Net Assets	
Beginning of the Year	<u>655,301</u>
 End of the Year	 <u><u>\$ 516,591</u></u>

The accompanying notes are an integral part of these financial statements.

**FAIRVIEW TREATMENT CENTER
GENERAL FUND
BALANCE SHEET
JUNE 30, 2004**

	General Fund
<u>ASSETS</u>	
Petty Cash	\$ 200
Accounts Receivable (net of allowance for uncollectible accounts of \$244,439)	188,004
Due from State of Louisiana	120,318
Due from St. Mary Parish Council	188,599
Total Assets	\$ 497,121
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>	
Liabilities	
Accounts Payable	\$ 32,899
Compensated Absences, Current	18,160
Total Liabilities	\$ 51,059
Fund Balance	
Unreserved, Undesignated	\$ 446,062
Total Equity and Other Credits	446,062
Total Liabilities, Equity and Other Credits	\$ 497,121

The accompanying notes are an integral part of these financial statements.

**FAIRVIEW TREATMENT CENTER
RECONCILIATION OF THE GOVERNMENT BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004**

Total Fund Balances - Governmental Funds (Page 5)	\$ 446,062
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The purchase of capital assets are reported as expenditures as they are incurred in the government funds. The Statement of Net Assets reports capital assets as an asset and these capital assets are depreciated over their estimated useful lives and are reflected as depreciation expense in the Statement of Activities.

Cost of Capital Assets at June 30, 2004	405,272
Less: Accumulated Depreciation as of June 30, 2004	(312,781)

Long-term liabilities that are not due and payable in the current period are not reported as a liability in the balance sheet of the governmental fund. All liabilities both current and long-term are reported in the Statement of Net Assets.

Compensated absences payable at June 30, 2004:	
Statement of Net Assets	(40,122)
Balance Sheet	18,160

Net Assets - Government - Wide Statement (Page 3)	\$ 516,591
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**FAIRVIEW TREATMENT CENTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004**

	General Fund
Revenues	
Federal & State Grants	\$1,608,795
Patient Fees	149,550
Other Revenue	565
Total Revenues	\$1,758,910
Expenditures	
Health and Welfare	
Personal Services & Benefits	\$1,082,781
Travel	4,759
Operating Services	282,005
Supplies	99,469
Professional Services	298,111
Lab Fees	9,941
Bad Debts	93,447
Capital Outlays	4,530
Total Expenditures	1,875,043
Net Change in Fund Balance	(\$116,133)
Fund Balance at Beginning of Year	562,195
Fund Balance at End of Year	\$446,062

The accompanying notes are an integral part of these financial statements.

FAIRVIEW TREATMENT CENTER
ST. MARY PARISH, LOUISIANA

Notes to the Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In October of 1989, the St. Mary Parish Council passed a resolution agreeing to participate in the operation of an alcohol and drug abuse, inpatient treatment facility for the residents of Louisiana. The operations began on November 1989 when they entered into an agreement with the State of Louisiana, Department of Health and Hospitals to operate the Fairview Treatment Center.

The financial statements of the Fairview Treatment Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fairview Treatment Center's accounting policies are described below.

A) REPORTING ENTITY

GASB Statement No. 14, Governmental Reporting Entity, established criteria for determining which organizations should be included in a governmental financial reporting entity. The focal point for defining the financial reporting entity is the primary government. The Fairview Treatment Center is a program of the St. Mary Parish Council (primary government) and, as such, these financial reports should be included in the basic financial statements of the Council for the year ended December 31, 2004. The Fairview Treatment Center has followed GASB-14 guidance to determine that there are no financial statements of other organizations that should be combined with its statements to form a financial reporting entity. These financial statements include only the operations of the Fairview Treatment Center.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) CHANGE IN ACCOUNTING

This financial statement has been prepared in conformity with GASB No. 34. In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Since this is a program audit of the St. Mary Parish Council, the management discussion and analysis is not required and is not provided with these financial statements.

GASB Statement No. 34 creates new basic financial statements for reporting on the Fairview Treatment Center’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which had been the method of presentation in previously issued financial statements. Non-major funds are presented in total in one column in the fund financial statements.

C) BASIS OF PRESENTATION

Fairview Treatment Center’s financial statements consist of the government-wide statements on all activities and the governmental fund financial statements.

Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of Fairview Treatment Center. The government-wide presentation focuses primarily on the sustainability of Fairview Treatment Center as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of statement GASB No. 34. The accounts of the Fairview Treatment Center are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the District:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF PRESENTATION (Continued)

Governmental Fund Type

General Fund – The general fund is the general operating fund of Fairview Treatment Center. It is used to account for all financial resources except those that are required to be accounted for in another fund.

D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing resources) and decreases (expenditures and other financing uses) in current assets.

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligations long-term debt, if any, is recognized when due. Allocations of cost such as depreciation are not recognized in governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

F) BUDGET

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted each year for the General Fund.

Integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments, if any. The budgeted expenditures exceeded actual expenditures by \$229,323 which is 13% more than budgeted. Since this grant is a per diem grant this is not a compliance finding.

G) ENCUMBRANCE ACCOUNTING

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipts of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. *No encumbrances were outstanding at year-end.*

H) CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred.

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H) CAPITAL ASSETS (Continued)

Government-Wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Depreciation of all exhaustible capital assets are recorded as a depreciation expense in the Statement of Activities, with accumulated depreciation reflected in the statement of Net Assets. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Leasehold improvements	20 - 40 years
Equipment	5 - 12 years
Furniture	5 - 7 years
Vehicles	5 years

Fund Financial Statements:

In the fund financial statements, capital assets used in government fund operation are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

I) COMPENSATED ABSENCES

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences are allowed to accumulate from period to period if not used. The maximum amount of vacation days that can be carried over is 10 work days but only upon written approval by the Chief Administrative Officer and must be taken by the employee within 45 days. Sick leave shall be earned at the rate of one day per month up to 12 days per year. An employee cannot accrue more than 120 days of sick leave. Upon termination an employee is compensated for accumulated vacation time. Employees are not compensated for sick time unless termination is due to normal retirement at which point sick time is considered vested. Normal retirement is when the employee meets the required qualifications to retire from the Parochial Retirement System. As of June 30, 2004 the employees of Fairview Treatment Center accumulated \$70,511 in accumulated non-vested sick pay, which is not reflected in the financial statements. This contingent liability will be recognized if and when the employees meet the normal retirement qualifications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) COMPENSATED ABSENCES (Continued)

An accrual is made for the amount of compensation the employees will receive in the future based upon services performed in the current year for vacation time not used. An accrual is also made for the accumulated vested sick time estimated to be paid to employees at retirement.

The estimated \$21,962 accumulated vested sick pay and \$18,160 in accumulated vacation pay are reflected in the government-wide financial statement as compensated absences payable in the total amount of \$40,122.

The following reflects the change in accumulated vested sick and vacation pay:

Balance at June 30, 2003	\$34,801
Current year increase	<u>5,321</u>
Balance at June 30, 2004	<u><u>\$40,122</u></u>

NOTE 2 - DUE FROM STATE OF LOUISIANA

As of June 30, 2004 the State of Louisiana owes Fairview Treatment Center \$120,318 as a result of their grant payment not yet received on their per diem June grant payment, based on a fee of \$85 per day per patient bed occupied limited to 52 beds per day.

NOTE 3 - DUE FROM THE ST. MARY PARISH COUNCIL

The St. Mary Parish Council deposits all receipts and disburses all of Fairview Treatment Center's expenses out of the Parish Council's checking account. The amount due from the Parish Council is a result of the excess of Fairview Treatment Center's deposits over disbursements by \$188,599.

NOTE 4 – CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
Leasehold improvements	\$ 84,063	\$ -	\$ -	\$ 84,063
Vehicles	102,625	-	-	102,625
Furniture and equipment	214,394	4,530	(340)	218,584
Total at historical cost	\$ 401,082	\$ 4,530	\$ (340)	\$ 405,272
Less accumulated depreciation	(294,898)	(18,223)	340	(312,781)
Total capital assets, net	\$ 106,184	\$ (13,693)	\$ -	\$ 92,491

NOTE 5 - PENSION PLAN

All full-time employees of the Fairview Treatment Center are members of the Parochial Employees Retirement Systems of Louisiana, a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans. Plan A and Plan B, with separate assets and benefit provisions. All employees of Fairview Treatment Center are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Fairview Treatment Center funds are eligible to participate in the System. Under Plan A, employees who retire at or after 60 with at least 10 years of creditable service, at or after 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

NOTE 5 - PENSION PLAN (Continued)

Covered employees are required by the State Legislature to contribute 9.5% of their gross salary to the plan. The Fairview Treatment Center was required by the same statute to contribute 11.75% in 2004 and 7.75% in 2003 of each employee's gross salary to the plan. The contribution requirements of plan members and Fairview Treatment Center are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the fiscal year. The Fairview Treatment Center's contributions to the System was \$72,035 for the year ended June 30, 2004.

NOTE 6 - RELATED PARTIES

The Fairview Treatment Center's operations are housed in a building owned by the St. Mary Parish Hospital Service District No. 3 and this District is a component unit of the St. Mary Parish Council as is the Fairview Treatment Center, therefore, all three are related parties. The Fairview Treatment Center paid the district rent of \$121,074 for the year end June 30, 2004. This rental agreement is year-to-year on an annual basis, unless either party gives written notice to the other party of its intent not to renew beyond the then current annual term. Such notice shall be in writing. This agreement shall be subject to termination if the council shall cease to operate the Fairview Treatment Center or if the funds to continue its operations are not provided by the State of Louisiana.

The St. Mary Parish Council also provided accounting services for a monthly fee of \$1,666 or \$20,000 for the year ended June 30, 2004. Also as described in Note 3, the St. Mary Parish Council owes Fairview Treatment Center for the excess of deposits over the disbursements in the Council's checking account made for the benefit of the Fairview Treatment Center in the amount of \$188,599.

NOTE 7 - ECONOMIC DEPENDENCE

Fairview Treatment Center currently receives 91% of its operating revenue through its grants. With the loss of these revenues, which are year-to-year grant allocations, Fairview Treatment Center would not exist. Because of Fairview Treatment Center's dependence on grants management is constantly seeking other funding sources.

FAIRVIEW TREATMENT CENTER
ST. MARY PARISH, LOUISIANA

Schedule of Insurance in Force
For the Year Ended June 30, 2004

(Unaudited)

<u>Insurer</u>	<u>Type of Insurance</u>	<u>Coverage</u>	<u>Expiration</u>
LA Parish Gov. Risk Mgt. Agency	Workers' Compensation By Each Accident By Disease Policy Limit By Disease Each Employee	\$1,000,000 \$1,000,000 \$1,000,000	01-01-05
St. Paul Ins.	Vehicles General Aggregate Each Occurrence Deductible	\$1,000,000 1,000,000 500	12-31-04
Essex Ins.	General Liability General Aggregate Each Occurrence Fire	\$1,000,000 1,000,000 50,000	09-01-04
Allstate Ins.	Property Contents Deductible Co-insurance 80%	\$ 146,500 500	12-18-04

FAIRVIEW TREATMENT CENTER
ST. MARY PARISH, LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

FEDERAL GRANTOR/ PASS THROUGH GRANTOR NAME/ <u>PROGRAM TITLE</u>	<u>CFDA</u> <u>NUMBER</u>	<u>REVENUE</u> <u>RECOGNIZED</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>			
Public Health Service			
Louisiana Department of Health and Hospitals			
Office of Human Services			
Divisions of Alcohol and Drug Abuse			
Substance Abuse			
Prevention and Treatment			
(SAPT Block Grant)			
	93.959	\$ 1,608,795	<u>\$ 1,608,795</u>
Total expenditures of federal awards			<u>\$ 1,608,795</u>

See accompanying notes to schedule of expenditures of federal awards.

FAIRVIEW TREATMENT CENTER
ST. MARY PARISH, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards
June 30, 2004

Note 1: The schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Note 2: Fairview Treatment Center has one grant.

1) An inpatient grant from the Department of Health and Human Services is a substance abuse prevention and treatment block grant CFDA # 93.959. This grant is a per diem grant based on a fee of \$85 per day per patient bed occupied limited to 52 beds per day. The purpose of this grant is to provide long-term residential and short-term outpatient substance abuse treatment.

**FAIRVIEW TREATMENT CENTER
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Federal & State Grants	\$ 1,617,720	\$ 1,617,720	\$ 1,608,795	\$ (8,925)
Patient Fees	28,000	28,000	149,550	121,550
Other Revenue	-	-	565	565
Total Revenues	\$ 1,645,720	\$ 1,645,720	\$ 1,758,910	\$ 113,190
Expenditures				
Health and Welfare				
Personal Services & Benefits	\$ 1,009,740	\$ 1,009,740	\$ 1,082,781	\$ (73,041)
Travel	4,500	4,500	4,759	(259)
Operating Services	273,600	273,600	282,005	(8,405)
Supplies	110,080	110,080	99,469	10,611
Professional Services	234,500	234,500	298,111	(63,611)
Lab Fees	8,500	8,500	9,941	(1,441)
Bad Debts	-	-	93,447	(93,447)
Capital Outlays	4,800	4,800	4,530	270
Total Expenditures	1,645,720	1,645,720	1,875,043	(229,323)
Excess Revenues over Expenditures	\$ -	\$ -	\$ (116,133)	\$ (116,133)
Fund Balance at Beginning of Year	562,195	562,195	562,195	-
Fund Balance at End of Year	\$ 562,195	\$ 562,195	\$ 446,062	\$ (116,133)

ADAMS & JOHNSON

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MEMBERS:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Fairview Treatment Center
St. Mary Parish, Louisiana
1101 Southeast Blvd.
Morgan City, LA 70380

We have audited the financial statements of Fairview Treatment Center, a program of the St. Mary Parish Council, State of Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 17, 2004. We conducted our audit in conformity with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

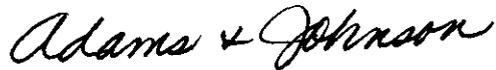
As part of obtaining reasonable assurance about whether the financial statements of Fairview Treatment Center, a program of the St. Mary Parish Council, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fairview Treatment Center's, a program of the St. Mary Parish Council, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management of the Fairview Treatment Center, the Legislative Auditor of the State of Louisiana, the finance committee of the St. Mary Parish Council, and the federal awarding agencies. This restriction is not intended to limit the distribution of this report which, upon acceptance by Fairview Treatment Center is a matter of public record.



ADAMS & JOHNSON
Certified Public Accountants

Patterson, LA
November 17, 2004

ADAMS & JOHNSON

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MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

Fairview Treatment Center
St. Mary Parish, Louisiana
1101 Southeast Blvd.
Morgan City, LA 70380

Compliance

We have audited the compliance of Fairview Treatment Center, a program of the St. Mary Parish Council, State of Louisiana, with the types of compliance requirements described in the *U.S. Office of Management (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Fairview Treatment Center's major federal programs are identified in the accompanying schedule of expenditures of Federal Awards. Compliance with requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Fairview Treatment Center's management. Our responsibility is to express an opinion on Fairview Treatment Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about Fairview Treatments Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Fairview Treatment Center's compliance with those requirements.

In our opinion, Fairview Treatment Center complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. The results of our auditing procedures did not disclose *any instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133* in a schedule of findings and questioned costs if any existed.

Internal Control Over Compliance

The management of Fairview Treatment Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Fairview Treatment Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management of the Fairview Treatment Center, the Legislative Auditor of the State of Louisiana, the finance committee of the St. Mary Parish Council, and the federal awarding agencies. This restriction is not intended to limit the distribution of this report which, upon acceptance by Fairview Treatment Center is a matter of public record.



ADAMS & JOHNSON
Certified Public Accountants

Patterson, LA
November 17, 2004

FAIRVIEW TREATMENT CENTER
ST. MARY PARISH, LOUISIANA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expressed an unqualified opinion on the financial statements of Fairview Treatment Center.
2. No reportable conditions relating to the audit of the financial statements are reported in the financial statements of Fairview Treatment Center.
3. No instances of noncompliance material to the financial statements of Fairview Treatment Center, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the independent auditors' report on compliance with requirements applicable to each major program and internal control over compliance in accordance with *OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award programs for Fairview Treatment Center expressed an unqualified opinion on all major federal programs.
6. *There are no findings or questioned costs that are required to be reported in accordance with Section 501(a) of OMB Circular A-133.*
7. This program tested as a major program included the Substance Abuse Prevention and Treatment Block Grant. CFDA 93.959
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Fairview Treatment Center was determined to be a low-risk auditee.